

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL CONTRACT 279 (MC2017-59)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2017-87

**USPS NOTICE OF CHANGE IN PRICES PURSUANT TO
AMENDMENT TO PRIORITY MAIL CONTRACT 279**
(December 18, 2017)

The Postal Service hereby provides notice that prices under Priority Mail Contract 279, in the above-captioned proceeding, have changed as contemplated by the contract's terms. A redacted version of the amendment to Priority Mail Contract 279 is provided in Attachment A, and the unredacted amendment is being filed under seal. The amendment will become effective two business days after the day that the Commission completes its review of this filing.

The Postal Service is also filing supporting financial documentation and a certified statement as required by 39 C.F.R. § 3015.5. The certified statement required by 39 C.F.R. § 3015.5(c)(2) is provided in Attachment B. A redacted version of the supporting financial documentation is included with this filing as a separate Excel file. The Postal Service's original application for non-public treatment in this docket is hereby incorporated by reference for the protection of these materials.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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December 18, 2017

ATTACHMENT A

REDACTED AMENDMENT TO PRIORITY MAIL CONTRACT 279

AMENDMENT #1
OF
SHIPPING SERVICES CONTRACT
BETWEEN
THE UNITED STATES POSTAL SERVICE
AND
[REDACTED]
REGARDING
PRIORITY MAIL SERVICE

WHEREAS, the United States Postal Service (“the Postal Service”) and [REDACTED] (“Customer”) entered into a Shipping Services Contract regarding Priority Mail service, PM Contract 279/Docket No. CP2017-87, on November 17, 2016.

WHEREAS, the Parties desire to amend the terms in Sections I.B, I.C. Table 2 of Section I.E.2, Sections I.F and I.G, Table 3 and Table 4 of Section I.H and Section I.I.1 of the Contract. The Parties also desire to add Table 5 to Section I.H of the Contract.

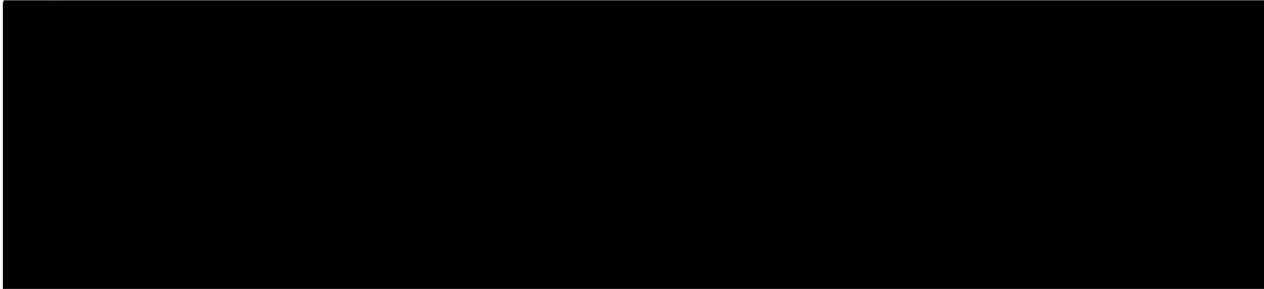
NOW, THEREFORE, the Parties agree that the contract is hereby amended as detailed below. The existing contract remains unchanged in all other respects. This amendment shall become effective two (2) business days following the day on which the Commission issues all necessary regulatory approval.

[Replace Sections I.B and I.C, as follows.]

I. Terms

- B. This contract applies to Customer’s inbound and outbound Priority Mail packages [REDACTED] Priority Mail Regional Rate Box A [REDACTED] and Priority Mail Flat Rate Envelopes and Boxes (collectively, “Contract Packages”).
- C. Customer will manifest Contract Packages as specified by the Postal Service, using a separate permit number and/or PC Postage account to ship such packages, and will use the Electronic Verification System (eVS), other USPS approved manifest systems, or USPS approved PC Postage vendors for payment of such packages. Customer shall provide the Postal Service, in writing, a list of its permit numbers and/or PC Postage accounts for approval. Contract pricing for any newly approved permits and/or PC Postage accounts will be effective within fifteen (15) business days after the Postal Service receives written notification from Customer. Only Contract Packages and Customer’s other Priority Mail packages (“Total Packages”) shipped from authorized permits and/or PC Postage accounts shall count towards the volume commitments pursuant to Table 2 and Section I.F and I.G. below.

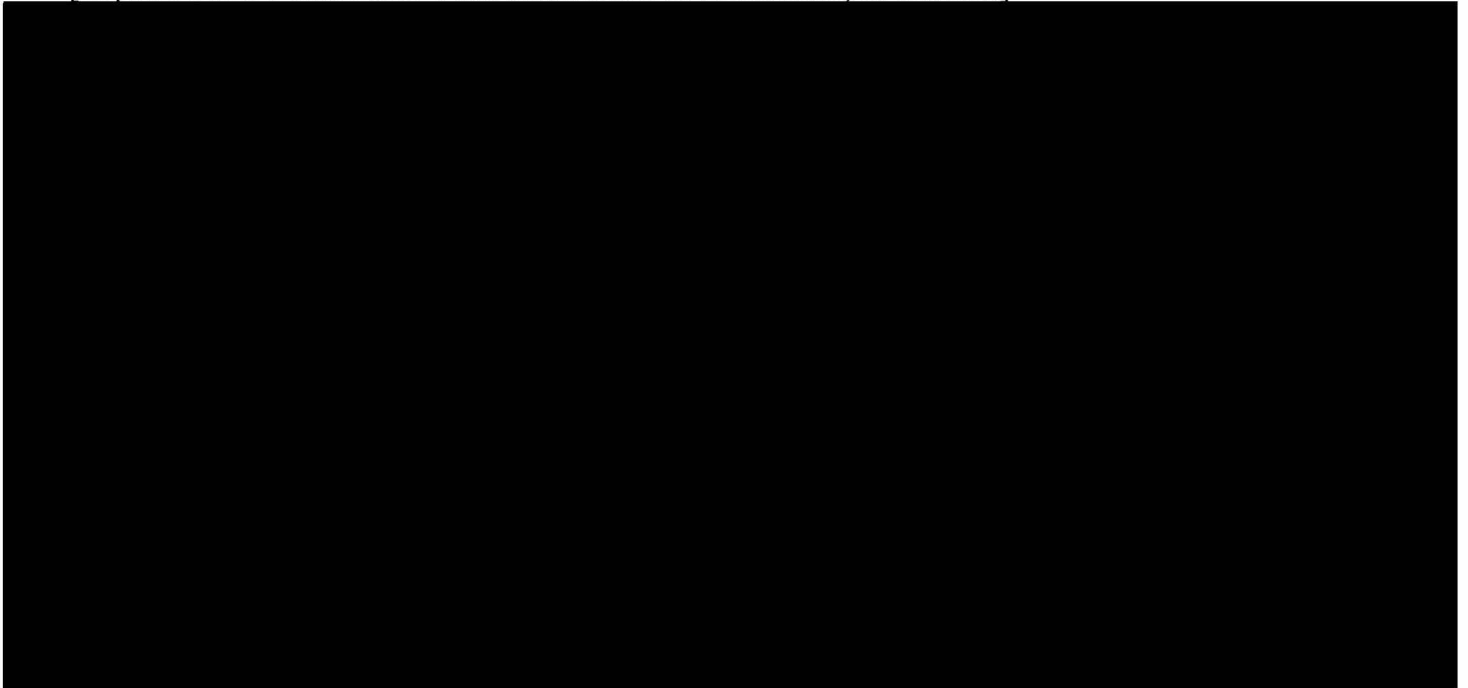
[Replace Table 2 in Section I.E.2, as follows.]

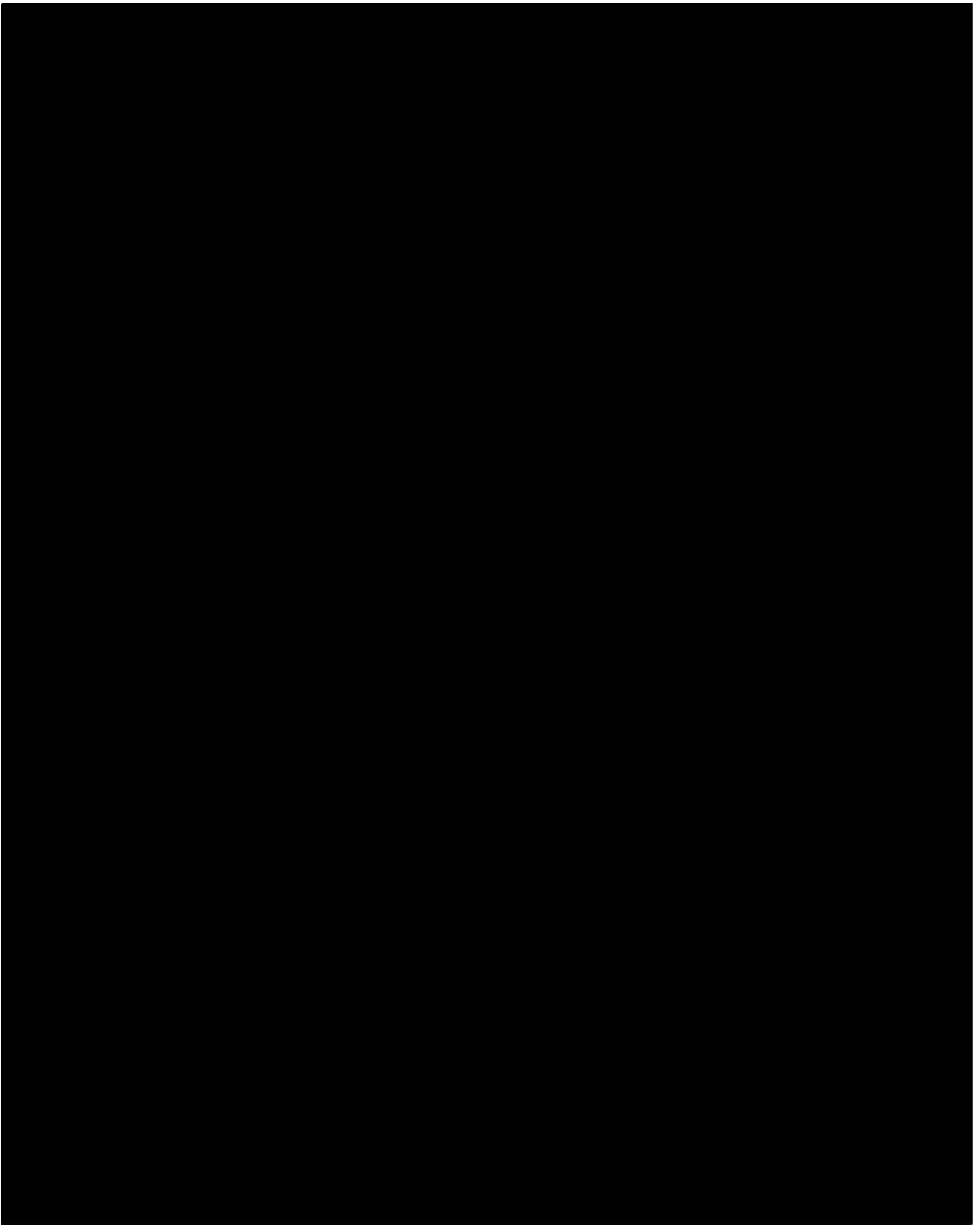


[Replace Section I.F and I.G, as follows.]

- F. From the effective date of the amendment until December 31, 2017, Customer will receive Tier 1 pricing for Contract Packages, pursuant to Table 4 below.
- G. Subsequent Contract Quarters. Beginning January 1, 2018, Contract prices for this contract will be based on a rolling four (4) quarter average. The average will be based on the number of Total Packages divided by the number of full quarters achieved. At the conclusion of the first four full quarters, the subsequent quarters will be calculated by the number of Contract Packages in the previous four quarters divided by four. At the conclusion of each quarter, the Postal Service will calculate Total Packages and the number of applicable quarters to calculate and apply the appropriate rate table within 15 days of the conclusion of that quarter. If at the end of a Contract Quarter the quarterly average falls below [REDACTED], the Postal Service at its sole discretion has the right to revert Customer to the most current Priority Mail Commercial Plus prices.

[Replace Table 3 and Table 4 and add Table 5 to Section I.H, as follows.]





[Replace Section I.I.1, as follows.]

I.

1. Beginning January 6, 2019, and on each subsequent anniversary of the contract's effective date, customized prices under this contract will be the previous year's prices plus the most recent (as of the anniversary date) average increase in prices of general applicability, as calculated by the Postal Service, for Priority Mail Commercial Plus prices.

IN WITNESS WHEREOF, the Parties hereto have caused this amendment to be duly executed as of the later date below:

UNITED STATES POSTAL SERVICE

Signed by: 

Printed Name: Cliff Rucker

Title: Senior Vice President, Sales and Customer Relations

Date: 11/30/17

ATTACHMENT B
SIGNED CERTIFICATION

Certification of Prices for Amendment to Priority Mail Contract 279

I, Steven R. Phelps, Manager, Regulatory Reporting and Cost Analysis, Finance Department, am familiar with the prices and terms for the amendment to Priority Mail Contract 279. The amended prices and terms contained in this Contract were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (Governors' Decision No. 11-6).

I hereby certify, based on the financial analysis provided herewith, that the amended prices are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). They are expected to cover attributable costs. There should therefore be no subsidization of competitive products by market dominant products. The amended contract should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

**Steven R.
Phelps**

Steven R. Phelps

Digitally signed by Steven R. Phelps
DN: cn=Steven R. Phelps, o=United
States Postal Service, ou=Pricing &
Costing,
email=steven.r.phelps@usps.gov, c=US
Date: 2017.12.18 11:10:29 -05'00'